

Application Year: CY 2018	Municipality: Nutley	County: Essex
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**Ratable Destruction Aid Program
Calendar Year 2018
Division of Local Government Services
Department of Community Affairs**

Background: The FY 2016 New Jersey State Appropriations Act, (P.L. 2015, c.63, approved June 26, 2015) established a limited program to provide short-term financial assistance to a municipality that is experiencing financial distress caused by the “destruction or loss of one or more related parcels of property owned by a single business entity, classified as commercial or industrial, which comprised the largest assessed valuation of any one or more line items of taxable property in a municipality....”

This program is continued in FY 2019. Successful applicants in 2018 will be awarded funding, subject to availability, in amounts necessary to generate revenue for the support of the municipality, school district, and county as though the destruction or loss of one or more related parcels of property had not occurred.

The document is the application for such funds. Please fill it out in its entirety, and submit it to the Division no later than May 25, 2018.

1. APPLICATION INFORMATION

Name of Municipality:	Nutley	County:	Essex
Contact Person:	Rosemary Costa	Title:	C.F.O.
Phone:	973-284-4961	Fax:	973-284-4907
		Email:	rcosta@nutleynj.org

2. PRIOR SUBMISSION AND DIVISION APPROVAL OF LOSSES.

In anticipation of this limited program being enacted as proposed in the Governor’s Budget Message, the Division sent the following notice to every Local Finance Officer on May, 1 2014;

In recognition of the disruption that substantial property destruction has on local budgets, the Governor has newly proposed as part of the State budget, that local governments can apply for financial assistance from the Division of Local Government Services under limited circumstances. To qualify, a municipality must initially provide to the Division of Local Government Services an analysis prepared or approved by its assessor that documents, by block and lot, that they have lost property tax ratables or PILOTs (on a single property or properties with common ownership) from the 2013 budget year to the 2014 budget year equivalent to at least 10% of the entire ratable base of the municipality. Such a loss must be either directly or indirectly attributable to a single event such as a natural disaster or a business relocation that resulted in the destruction of physical properties. The assistance is not available due to lost property values as a result of tax appeals, revaluations or reassessments. If you believe your municipality may be eligible for assistance, please send an email to DLGS@dca.nj.gov [with] an analysis prepared and signed by your assessor no later than May 15 that demonstrates the impact referenced above. Please include “Assessment Losses” in the subject heading. Staff from DLGS will respond to your email with next steps which will require a more formal application that is currently under development.

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Yes/No Did the applicant submit a report prepared by the assessor in a form substantially similar to the requirements of the May 1, 2014 Notice?

If "no", do not complete this application until the required assessor analysis has been separately prepared and sent for review by the Division.

If "yes" attach a copy of the assessor's report, together with a letter that you would have received from the Division indicating our findings as relates to the submission.

3. PROHIBITION AGAINST DUPLICATING BENEFITS

Yes/No Has your municipality already received compensation for the loss revenues due to the destruction of properties from any other source (i.e. an Essential Service Grant through the Community Development Block Grant Program?)

If "Yes" please explain the level of compensation and restrictions and conditions on use.

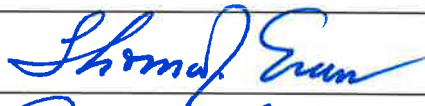
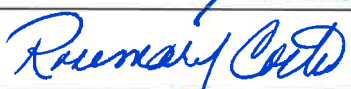
4. CONSENT TO DISCLOSURE AND MONITORING

Every successful applicant shall be required to submit by December 31, 2017: (a) a completed questionnaire in substantial form as reproduced such as Attachment A; (b) an updated report prepared by the assessor as to property destruction and ratable losses; and (c) a plan to expeditiously restore impacted ratables. Additionally, the Representatives of the municipality may be required to meet with the Division to discuss the submissions.

Yes/No Does your municipality agree to execute a grant agreement that requires the submission of the required material and meet with the Division to discuss same?

5. CERTIFICATION

The undersigned herewith certify that they have reviewed this application and assessor's report referenced herein, and find its contents to be accurate

Official	Signature	Date
Mayor/Chief Executive Officer		05/25/2018
Director of Revenue and Finance		05/25/2018
Chief Financial Officer		05/25/2018

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**ATTACHMENT A
FORM OF QUESTIONNAIRE
DIVISION OF LOCAL GOVERNMENT SERVICES**

FORM OF QUESTIONNAIRE FOR APPLICANTS SEEKING ASSISTANCE WITH RATABLE LOSSES, CY 2018

LOCAL GOVERNMENT: Nutley

I certify that the information provided on this form is correct to the best of my knowledge.

Signature of Chief Financial Officer: _____

Printed name of Chief Financial Officer: Rosemary Costa

Date: 05/25/2018

Identify all individuals who participated in the completion of this form:

- Commissioner Thomas J. Evans
- Alan Genitempo, Township of Attorney
- Rosemary Costa, Chief Financial Officer

1) Discuss personnel or revenue actions the applicant has taken to reduce the need for future assistance?

- Managing the headcount thru attrition and consolidation of processes wherever possible, in both the Current Fund Operations and the Water Utility operations.
- The headcount for the Public Works Department has been reduced by 7 and the Water Utility by 3 over the past several years due to attrition.
- Elimination of the longevity program for employees is as follows: Non-Union employees for new hires as of 03/22/2004; PBA FMBA, and SOA for new hires beginning 01/01/2014; Teamsters for new hires beginning 06/07/2011; and IBEW for new hires beginning 04/01/2013.
- Consolidation of the Water Billing Department under the Tax Collector's Office has allowed for the elimination of one supervisor's position and the reallocation of job duties among existing employees rather than hiring additional staff.
- Existing employees have assumed the duties of Qualified Purchasing Agent and Tax Collector. Staff augmentation has been limited to two entry-level clerk positions in currently open positions.
- The Tax Assessor's position is Part-Time and therefore is not eligible for benefits.
- The Construction Code Official Position is now Part-Time and therefore is not eligible for benefits.
- Using Per Diem/Seasonal/Part-Time help to meet seasonal demand in place of permanent employees in the Department of Public Works.

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- Consolidation of duties of General Forman and Recreation Director into one position in the Parks Department.
- Outsourcing Recycling of Commingled glass in 2018 will provide an opportunity for full-time staff reduction. Other components of our recycling program will be outsourced in 2019.

A. Explain personnel actions including layoffs, furloughs, attrition, concessions, etc.

- After a thorough review of staffing needs as part of our budget process, the Parks Department has begun the layoff process for 4 positions.
- Attrition and consolidation have enabled the Dept. of Revenue and Finance to reallocate/redistribute job duties among remaining employees. Replacements have been limited to entry-level clerk positions. Other departments have employed these measures to realize cost savings. Seasonal, part-time, and temporary employees have replaced full-time employees where practicable in the Public Works Department. Job Consolidation in the Parks Department has also provided costs savings.
- The headcount for the Public Works Department has been reduced by 7 and the Water Utility by 3 over the past several years due to attrition.
- Shared Services with the Board of Education and the Township of Montclair have provided cost savings and realized revenue for the Department of Public Affairs.
- Concessions have resulted in the elimination of the longevity program for new hire union and non-union employees.
- Concessions have resulted in steps being added to the ranges of police officer and firefighter, as well as for police and fire ranking officers.
- Capping of Sick Day Payout for PBA and FMBA thru Sick Day Bank Provision.
- Open positions will be filled with Part-Time employees whenever possible and therefore ineligible for benefits.
- We are seeking to continue the employee contribution for health benefits at the current percentages established under the SHBP when negotiating expired collective bargaining agreements.

B. Explain procurement efforts including rebidding services, energy, etc.

- When bid prices are higher than projected or more than funding available, the township will reject and then rebid. After third time, we will negotiate price.
- RFP/RFQ/Competitive Contracting process is used where appropriate to allow for the best pricing to be obtained.
- Membership in Various County Co-Ops and State Contracts to obtain most favorable pricing without costs associated with bidding process, whenever practicable.

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- Shared Service Agreements/Commodity Resale System with the Board of Education for Physician Services, Gasoline System, and Fiber Optic Installation Project/internet Services, and Bulk Garbage Removal to manage/reduce costs for both entities.
- Shared Service Agreements with Township of Montclair for Health Officer, Animal Control, and Public Health Nursing.
- Participation in the SEM, a reverse auction for both gas and electric.
- Audit Fees for 2018 have been frozen at the 2017 level.
- Consulting fees for the Assessor's Office have been reduced for 2018.

C. Explain service restraint including the elimination or curtailment of nonessential services.

- The Township has been focusing on cost containment and affordability for many years. To that end, most non-essential services have already been eliminated.
- User fees fund our recreation programs.
- Volunteer Services are used when available.
- Once funded primarily by the municipal budget, the Nutley Volunteer and Rescue Squad is now funded by donations, bequests, and insurance billing reimbursements. The current municipal appropriation is currently used for purchases to provide access to our pricing that helps them to realize cost savings. The Squad reimburses the Township for their gasoline consumption to minimize the cost to our taxpayers. The Township formerly funded capital expenditures for the Squad. This new revenue stream provides funding so that this is no longer necessary.

D. Explain efforts at increasing revenue, including adjusting fees to reflect the cost of services such as water, sewer, and recreation.

- The Water Utility is continually under review to determine and implement efficiencies in operation so that savings may be realized whenever possible.
- Review Water Rates annually and adjust when needed.
- The rate structure of the utility's non-consumption related fees is currently under evaluation to implement user fees for services when appropriate.
- Review of Liquor License Fees annually and adjustment when needed.
- Review of Construction Code Fees annually and adjust when needed, while remaining competitive with neighboring municipalities; most recently in 2016.
- Charging Fees for services when permitted by statute i.e. returned check fees, tax office services, credit card processing, etc.
- Expanding our Parking Permit program has provided increased revenues, which help to offset the costs of maintenance and repair.

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- Review Recreation Program Fees to keep the program self-sustaining while still affordable to our residents.

2) Disclosures.

A. Attach a copy of all collective bargaining agreements and individual employment agreements.

- The PBA contract has been settled thru 12/31/2020. The Teamsters contract has been extended thru 12/31/17, and is currently under negotiation. FMBA and IBEW Collective Bargaining Agreements expired on December 31, 2016 and are currently under negotiation. They will be furnished upon settlement/signing.

B. Attach a copy of compensation of all officer and employee payroll: including name, annual salary, department, division, and title.

- See attached.

3) Have pay increases been awarded in the current year to employees who are not contractually entitled to them? If yes, please attach the names, positions, and the increase in gross dollars and as a percentage of the base salary:

- Salary increases for non-union employees have not been awarded for 2018 at this time.

4) Do elected officials receive compensation? The term "compensation" shall include, but is not limited to, salary, stipends, bonuses or health benefits/payments in lieu of benefits. If yes, fully disclose their annual compensation?

- Mayor.....\$2,700, annually
- Commissioners (4).....\$2,250.00, annually

5) Who is the current health benefit provider, and what is the current total cost of your benefits?

- **NJ State Health Benefits Program.**
- **Gross Premium-Active & Retired.....\$7,948,514.00**
- **Less:**
Premium Reimbursement.....\$1,048,615.00
- **Net Cost.....\$6,899,899.00**

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(a) If the municipality is not a member of the State Health Benefits Program (SHBP), are the benefits cheaper than or equal to what SHBP coverage would cost the municipality?

- N/A

(b) If you are not using the SHBP, do you have a broker?

- N/A

(c) If yes, did you procure the services of that broker through an ordinance modeled on The Citizens Campaign "Best Price Insurance Contracting" ordinance available at: http://www.scribd.com/embeds/167448571/content?start_page=1&view_mode=slideshow?

- N/A

(d) If you are not using the SHBP and you have a broker, explain how the broker is paid. If it is a flat fee, please provide the fee amount. If the broker receives a commission, please provide the commission amount.

- N/A

6) Does the applicant provide vehicles for its local government officers or employees? If yes, please list the position(s) entitles to this privilege and the make, model and year of the vehicle(s). If the applicant has a motor pool, please state all positions authorized to utilize the motor pool.

- Commissioner/Director of Public Safety-2018 Ford Explorer-(24/7 Call).
- Parks Dept. General Supervisor-2014 Dodge Durango -(24/7 Call), Business use only.
- Recreation Director-2017 Chevy Tahoe -(24/7 Call), Business use only.
- Parks & Recreation Staff-Unassigned-2016 Dodge Journey-Business Hours.
- Public Affairs Staff-2013 Silver Ford Focus; 2005 Dodge Durango-Business Hours Health Inspections and Senior/Veterans Transport
- Superintendent of Public Works-2008 GMC Yukon-(24/7 Call), business use only.
- Tax Assessor-2005 Jeep Liberty-Inspections-Business Hours.
- Construction Code Official-2014 Ford Explorer -(24/7 Call), Business use only.
- 2015 Ford K8B, 2005 Ford Ranger Pick-Up-Inspections-Business Hours.
- 2015 Ford Explorer-Inspections-Business Hours.
- Building Inspector-2001 Crown Vic--(24/7 Call), Business use only.

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7) Does the applicant fund catering of events or meals for personnel? If yes, please provide a description of any such expenses funded by the applicant in the preceding twenty-four (24) months.

- N/A

8) Does the applicant pay for, or otherwise reimburse, out-of-State travel or any hotel stays – regardless if out-of-state? If yes, please provide a description of any such expenses funded by the applicant in the previous twenty-four (24) months.

- N/A

9) Please list all existing shared services agreements the applicant has in place.

- Nutley Board of Education-Physician Services
- Nutley Board of Education-Bulk/Solid Waste Removal
- Nutley Board of Education-Fiber Optic/Internet Connect
- Township of Montclair-Nursing Services
- Township of Montclair-Health Officer

10) Please list all shared services agreements the applicant is currently actively pursuing.

- TBD

11) Has the applicant reviewed all of its employees to ensure that they are not required to be paid as vendors? (i.e., an employee who might serve as a partner at law or engineering firm and that current law prohibits from being enrolled in the pension system? See Pages 18-19 of the July 17, 2012 State Comptroller report.)

- Yes. The IRS audited the Township in 2013 and they determined that many of our "vendors" met their definition of "employee" such as referees, sports officials, substitute attorneys and judges, transcribers. They are being paid through our payroll.

a. Has the applicant removed all lawyers, engineers and other professionals who work for an outside firm from their status as pensionable employees?

- As instructed by the Division of Pensions, Township Attorney, Planning/Zoning Board Attorneys, and Prosecutor that were hired prior to June 2007, are to remain members of the pension system. Those hired after that date are enrolled in DCRP.

12) Provide a list of attorneys, advisors, consultants, and any other person, firm, business, partnership, corporation, or other organization, which received any remuneration of

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\$17,500 or more during the preceding fiscal year for any service whatsoever, rendered to the applicant.

- See Attached

13) Explain any other local actions in the current year that are designed to obviate or reduce the need to issue debt or to seek approval for this application?

- The Township continues its capital projects program that prioritizes capital projects and limits debt authorized annually to \$1.5 million to manage the impact of debt service on our budget.
- The Township engages the services of a grant writer to maximize our ability to apply for and receive grant funding to relieve the pressure on our municipal budget and lessen the tax burden; enabling us to take advantage of opportunities, we might not otherwise be aware of.
- The Township continues to actively seek grant and loan opportunities offered by State and Federal Agencies to finance eligible capital projects.
- The Tax Assessor aggressively pursues all building permits that may be considered as added assessments to ensure timely inclusion in the tax duplicate.
- The ongoing transition and redevelopment actions at the Hoffman LaRoche/Prism property remains the most uncertain driver of our financial stability. Since their announcement to close this site in 2012, we have seen our ratable base reduced by over \$180 million and revenues reduced by over \$6.5 million. Today, a developer owns the property, PB Nutclif I LLC (Prism), who has indicated that it will be several years before this property will be transformed into its next use. Approximately 11 acres of the site will be converted into a Medical School/Research Facility, which required establishing a PILOT Agreement for this phase. The property, other than 2.7 acres where the building exists, is now a parking lot and green space campus. The demolitions in this 10-acre area reduced our tax revenue from \$3.1 million in 2013 to approximately \$580,000 under the PILOT agreement.
- We are in the process of negotiating a Phase IIA redevelopment plan to subdivide the property in order to drive occupancy in the remaining 3 buildings on the site and construct a 2100 space structured parking garage to provide parking on the Nutley side of the campus for 2 of the 3 buildings. Additional, redevelopment plans will be needed as the remainder of the property is converted over the next several years. Gene Diaz, Principal at Prism Capital Partners, LLC, is focused on additional PILOT agreements in order to make the other structures financially competitive and attractive to new tenants.
- At this point, discussions regarding a redevelopment plan and agreement for the remainder of this site have not been negotiated other than Phase IIA above. Given that this property crosses two municipal boundaries, Clifton and Nutley, negotiating a desirable future for this site remains challenging and elongated.

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- Based on the filed deed, Prism has paid \$102 million for the entire property (Nutley/Clifton). While we have reduced the assessed value of this site by over \$187 million to \$126.5 million. Given the purchase price Prism has filed tax appeals covering 2016, 2017 and 2018. The exposure is real and amounts to several million dollars of exposure. This is making our discussions very challenging.
- Once this property is converted it will have a significant impact on our infrastructure, our schools and our services, especially, sewer, water, police and fire. It will require additional police manpower and potentially the building of a Fire house strategically located to the converted site.
- The traffic implications are dramatic as an overpass to RT3 has always been needed and without this type of improvement the flow of traffic on to Nutley local streets is unthinkable and will be a significant factor in determining how much ratable our Township can tolerate. This build is further impacted by a freight rail line that cuts through Nutley and through the area of redevelopment which places significant restrictions on future development and mitigating factors that could benefit traffic flows.
- While we will be able to replace some of the lost revenue from this site it is clear today that we will have a permanent loss of revenue that is initially estimated between 3 and 4 million.
- We have previously provided competent information regarding our existing state aid, noting that there are significant disparities in the aid that Nutley historically has received in comparison to neighboring towns. These differences are daunting and place a significant burden on our residents. The combination of this issue and the loss of ratables that represent fifty percent of our commercial ratable base and almost ten percent of our tax levy is a perfect storm for our Township.